

Date Mailed September 23, 1998

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application for Approval of an Affiliated
Interest Agreement Between Midwest Natural
Gas, Inc. and Valley View Four, LLC

3670-AG-102

**NOTICE OF PROCEEDING
AND
INVESTIGATION AND ASSESSMENT OF COSTS**

THIS IS A PROCEEDING, pursuant to Wis. Stat. § 196.52, to consider the June 23, 1998 request of Midwest Natural Gas, Inc. (Midwest or Applicant), 3600 Highway 157, La Crosse, Wisconsin, 54603 for approval of an affiliated interest agreement (Agreement) between Midwest and Valley View Four, LLC (Valley), P.O. Box 8969, Madison, Wisconsin, 53708-8969.

Under the proposed Agreement Valley would provide Midwest with new office facilities in Somerset, Wisconsin. Valley has purchased a parcel in the Somerset industrial park, and will construct an office, shop, and warehouse facility, with adjoining fenced storage area. Valley would lease the combination facility to Midwest under a triple net lease for a period of ten years

Midwest is a public utility as defined in Wis. Stat. § 196.01(5) and is engaged in the purchase, distribution and sale of natural gas in the cities of Arcadia, Galesville, Independence, Mondovi, Westby and Whitehall, and the villages of Coon Valley, Eleva, Ettrick, La Farge, Roberts, Somerset, Strum and Viola, and adjacent areas, in Buffalo, La Crosse, Monroe, Polk, St. Croix, Trempealeau and Vernon Counties in Wisconsin.

Valley is a Wisconsin limited liability company engaged in, among other things, developing and leasing real estate in Wisconsin.

Midwest is a wholly owned subsidiary of Midwest Bottle Gas, Co. James A. Senty owns more than five percent of Midwest Bottle Gas, Co. and of Valley. Therefore, Midwest and Valley are affiliated within the meaning of Wis. Stat. § 196.52(1).

The Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of the applicant and its affiliate. The expenses incurred or to be incurred by the Commission, which are reasonably attributable to the investigation, will be assessed against and collected from the applicant in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code Ch. PSC 5 .

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This is a Type III action under Wis. Admin. Code § PSC 4.10(3). No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under Wis. Stat. § 1.11 nor an environmental assessment is required.

Questions regarding this matter may be directed to Jodee J. Bartels, Natural Gas Division at (608) 267-9859.

Dated at Madison, Wisconsin _____

For the Commission:

Anita Sprenger
Administrator
Natural Gas Division

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